

through the year. Among the 435 Members, there are different ideas of priority, but we have to come to a decision as to what has to be done immediately. I wish we could do that. Clearly, our priorities will rest with the emergency demands brought about by the war on terrorism, coupled with the emergency demands we now have with the economy. We have special activities dealing both with defense and the economy; we have our regular operational items we must do, such as 13 different appropriations, none of which, yet, has cleared and gone to the President. This is what goes into the regular operation of government. It seems to me it makes good sense to keep those separate. We should separate the issues in the emergency category from the normal operational issues we face.

It would be a mistake to expand what will be long-term operational functions in this emergency way and run the risk of having those be there when the emergency is over. We ought to deal with those differently. Certainly many of the things we need to do now will not be in place in the future.

I believe we should agree on a list of priorities, must-do items we need to do for defense and terrorism. We should agree on a list of priorities. The administration has things we ought to do administratively. We should agree with them to do them. We should make a priority list of things to do to stimulate the economy, whether tax relief, withholding tax changes, whatever. There are a number of things out there. We met last week with Chairman Greenspan, Bob Rubin, and others. We will continue to do that. In fact, tomorrow we will meet with Secretary O'Neill. I hope we can do this and come up with a list and commit ourselves to it, leaving us free to do the things we have to do that are now before the Congress.

We have a great deal to do. It is not easy to set priorities, but that is part of our responsibility. If we can do that, I would like the leadership to set up a committee to come up with the lists and present them to the remainder of the Congress. That will move the Congress forward to do the things we must do in a divided fashion—what we must do as a priority against the operational agenda.

I yield the floor.

The PRESIDENT pro tempore. The Senator from Virginia, Mr. ALLEN, is recognized.

Mr. ALLEN. I ask unanimous consent I be allowed to speak in morning business for up to 15 minutes.

The PRESIDENT pro tempore. Without objection, it is so ordered.

IMMEDIATE ECONOMIC STIMULUS THROUGH THE EDUCATION OPPORTUNITY TAX CREDIT

Mr. ALLEN. Mr. President, I rise to share with my colleagues my concern

about our economy, the loss of jobs, and the economic stimulus package being considered by Members of the House, the Senate, and the White House. Mr. THOMAS, the Senator from Wyoming, mentioned some of the economic stimulus package. In my view, an education opportunity tax credit should be included in any economic stimulus package put together in the coming weeks.

We know our economy is in serious trouble. The economy grew just 0.2 of 1 percent in the second quarter of this year, compared to 4.1-percent average growth in the year 2000. The most important thing we can do at this point is increase consumer spending, especially on durable goods. Orders for durable goods dropped in August, as reported by the Commerce Department, all of which was due to the technology and transportation sectors. We have addressed the transportation industry partially, with the airline industry stabilization bill, but the technology sector still remains unaddressed.

Consumer confidence is dropping like a stone. The University of Michigan Consumer Sentiment Index released last week, September 28, indicated that consumer confidence dropped 21 percent. Although the correlation between consumer confidence and spending is not strong in the short term, it is strong in the mid-to-long term. The No. 1 reason for this precipitous drop in consumer confidence is because of where consumers thought they would be in their own lives 6 months out. One financial market analyst was recently quoted in the Washington Post as saying that the size of this decline in consumer confidence will translate into reduced spending in the next 6 months. That confidence decline is not over. Consumers, clearly, are on a very cautious mindset. That is why we must take measures to improve consumer confidence and spending again.

There is a debate currently underway in our country over which types of tax cuts are the answer to providing immediate economic growth. In my judgment, we must focus on individual tax cuts that will immediately lift consumer confidence and result in greater consumer spending—the idea that we need to increase corporate savings and investment necessities, that those companies have revenues in the first place, revenues that come from consumer spending.

Instead, what is needed, as the Wall Street Journal editorialized today, is “temporary, not permanent tax breaks—and preferably for consumers, not business.”

The Wall Street Journal article was very clear as to the ineffectiveness of corporate tax cuts in order to spur the economy, citing Gregory Mankiw, an economist at Harvard, who favors permanently abolishing the corporate income tax, but states that doing so now

would not result in immediate investment. He is quoted as saying:

The problem now is there's a lot of uncertainty, which is inducing people to wait, which depresses aggregate demand, which in turn exacerbates the economic slowdown.

The Wall Street Journal further opines that:

... stimulating spending and making members feel secure would be more effective than reducing corporate tax rates as a way to boost economic growth.

In fact, we all know our economy, this free market, is all about the consumer. If consumers do not buy, companies will not have revenue. If companies do not have revenue, they will not be able to invest, nor will companies need employees to be in those jobs to produce. If they do not invest, if they are not creating jobs, our economy will not grow out of this economic sluggishness.

The technology sector, which was once the leading force behind economic growth and productivity, is now the most significant detractor, getting hit the hardest by the contractions in spending and investment. There has been a 19-percent drop in technology spending, including a 45-percent drop in personal computer orders and a 14.5-percent drop in software and equipment spending.

Other sources of capital and growth have dried up as well. Banks continue to limit their exposure to the high-technology sector and tighten lending standards, cutting off resources at a time when money is already scarce. Venture capital has all but disappeared from this sector. First-round venture capital funding has already fallen \$1.84 billion, down 87 percent from the previous year during the second quarter of 2001.

This has all led to widespread layoffs within the tech sector over this past year. Job cuts in the high-tech industries of telecommunications, computers and electronics—those job cuts are up 13 times over what they were last year.

Through the end of August, high tech accounted for nearly 40 percent of the 1.1 million job cuts so far in 2001.

Just to put that in perspective, that is 4 times more, 4 times greater than the entire post-attack airline industry layoffs—over 400,000 jobs lost in the tech sector versus, obviously, a great concern over 100,000 jobs lost in the airline industry sector. The total tech job sector cuts in August alone exceeded all of the cuts for the year 2000.

This technology sluggishness is clearly harmful for our future. Technological advancements are how America and our economy will compete and succeed internationally, and technological sector growth and rapid advances in productivity have been the base of our economic growth in the past and will be a vital key to our competitiveness in the future. As we look at technology

in the future, whether it is computers, whether it is clean coal technology, whether it is fuel cell technology, these are important for future competitiveness, our quality of life, and good jobs in the future.

The lifeline to our economy, consumer spending, has been seriously dampened by the terrorist attacks which occurred on September 11, 2001. That is why I would like to bring the attention of my colleagues back to a bill I introduced in March of this year, the Educational Opportunity Tax Credit of 2001. This proposal will provide a \$1,000-per-child computer purchase tax credit which families can also use, not just to buy computers but printers, monitors, educational software, or Internet access. However, this tax credit would not apply to tuition at a private school. This would provide the exact type of boost both consumer spending on durable goods and the technology sector needs. Maybe we could limit this tax credit to 1 or 2 years. Even with that limitation I would estimate it would provide upwards of \$20 billion in new consumer spending.

Think of parents who have a child in school. If they could buy their son or daughter a computer or some peripherals, a printer, they would say: Gosh, if I do it this year or next year, I will get a tax break for it. That will induce that spending.

It clearly would induce computer and technology spending, especially if it is available for 2 years, thus propelling the technology sector while also improving educational opportunities for students. The fact is, experience shows that even a small, temporary reduction in taxes can bring about huge increases in computer sales.

In South Carolina, they had a sales tax holiday on computers for just 3 days. CPU sales increased more than tenfold; 1,060 percent in those 3 days.

In the Commonwealth of Pennsylvania they eliminated the sales tax on computers for 1 week. CPU sales increased sixfold; 615 percent in that time.

My Educational Opportunity Tax Credit would not just impact computer sales but also software makers, Internet access providers, printer, monitor and scanner manufacturers as well.

In South Carolina they realized a 664-percent and 700-percent increase in monitor and printer sales, respectively, with only a 5-percent tax break. We know that consumer spending accounts for two-thirds of all economic activity, which is largely flat and has been flat this summer and weakening in the last report in our economy.

The Education Opportunity Tax Credit represents the right solution for our economy. No. 1, it increases consumer spending on computers and related technology. No. 2, it injects \$20 billion into the weakest and one of the

very important links in our economy. No. 3, it provides previously out-of-reach education and technology opportunities for families.

As I said before, I am willing to work with my colleagues in addressing the best way to implement this proposal. We can shorten the applicable timeframe from the original bill. We can look at a different credit level to make sure we get the maximum economic impact for minimum fiscal impact to the Treasury. But I am convinced that combining consumer-oriented tax cuts with appreciation of what is really going on in the technology sector can improve consumer confidence, accelerate consumer spending, and provide the technology sector the revenues they need to reinvest and return our economy to strong growth and also provide more good paying jobs for the people of America.

Mr. President, I yield the remainder of my time, and I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. JOHNSON). The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. FRIST. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. BINGAMAN). Without objection, it is so ordered.

Mr. FRIST. Mr. President, I understand we are in morning business.

The PRESIDING OFFICER. We are in morning business.

THREAT OF GERM WARFARE AND BIOTERRORISM

Mr. FRIST. Mr. President, I rise to discuss an issue based on my observations over the past week, an issue clearly on the minds of many people, and that is the potential threat of germ warfare and bioterrorism. Over the weekend, there was a lot of discussion through the various media outlets about our broad vulnerability to terrorism in the United States of America, in part based on intelligence and in part based on the events of September 11.

Over the last week, many people have rushed to obtain antibiotics and gas masks to prepare for the threat of bioterrorism or germ warfare—the threat that is posed by germs, bacteria—if viruses fall into the wrong hands. Many people are concerned that given the powerful destructive ability of some of these viruses, they could be used in a way that threatens not only all Americans, but all of civilization.

A lot of people called me over the weekend, recognizing my interest in this topic and recognizing I had participated in passing a bill called the Public Health Threats and Emergency Act which was passed in the year 2000.

People have asked if the threat of bioterrorism is real? The answer is yes,

it is real. In fact, we have already seen the destructive use of bacteria by people in this country. In 1984, there was an outbreak in Oregon of salmonella poisoning from which over 700 people suffered some illness. This outbreak was caused by members of a religious cult placing living bacteria in the salad bars of 10 different sites across the State.

The “bio” part of biogerm warfare or biochemical warfare is the living organism, and that is what was inserted in the salad bars that caused the illness of about 700 people. We know germ warfare has been used, so the threat is real.

But before people attempt to respond to this threat by rushing out and buying items, we need to put the threat of bioterrorism in perspective. The overall probability of a bioterrorist attack is low. I do not know exactly what that number is. In fact, we cannot put a specific number on it, but the overall probability of a terrorist attack using biology, bacteria, living organisms—is low. However, it is increasing. It is now our number one or number two threat, and, at least to me, it is clear that we are highly vulnerable in the event such an attack takes place.

The consequences of such an attack, whether it is with anthrax, smallpox, tularemia, pneumonic plague, nerve agents or blister agents, is huge. Why? Because we are ill equipped. We are unprepared. However, in saying that, we have to be careful that we do not become alarmists. People will have nightmares, will not sleep at night, and the response should be the opposite.

We need to recognize there are things we can do right now, first and foremost, to develop a comprehensive bio-defense plan capable of preventing a bioterrorist attack. Obviously, prevention should be our primary goal from the outset. We want to keep biological weapons out of the hands of people who are intent on destruction. At the same time we can be prepared—if these germs and agents fall in the hands of a potential terrorist—by preparing an effective response plan. Third, is the response, an area called consequence management, crisis management after such an assault takes place.

Yes, the threat is real, but very low—a tiny probability, but growing. Why do I say growing? Because on September 11 we witnessed a calamity the likes of which have never been seen before in the history of the world. It was unexpected and unfathomable—using planes as bombs. We know those events were carefully planned out over a period of years in a very sophisticated way that was obviously well financed. Therefore, I will say it is growing because we did not expect it, and because it has occurred several years after Khobar Towers and after the attack on the USS *Cole*. So there is an increasing threat of calamity and destruction.